



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 17, 2015

Memorandum

TO: The Honorable Dee Morikawa, Chair
House Committee on Human Services

FROM: Rachael Wong, DrPH, Director

SUBJECT: **S.B. 1106, SD2 - RELATING TO MEDICAID MANAGED CARE**

Hearing: Thursday, March 19, 2015; 9:00 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of the bill is to amend QUEST and QUEST Expanded Access (QExA) references in Hawaii Revised Statutes to remove language that refers to the specific programs and replace it with "medicaid managed care". Authorizes all Medicaid managed care health plans to subject prescription drugs for conditions covered in section 346-352, Hawaii Revised Statutes, to prior authorization procedures.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration measure. On January 1, 2015 the QUEST and QExA programs were combined into one program called QUEST Integration. Essentially, all Medicaid recipients, children, adults, aged, and disabled individuals, now receive services under one Medicaid managed care plan of their choice and therefore the measure proposes to amend statutory references to QUEST or QExA, and replace it with "medicaid managed care" or "medicaid managed care program." This change will ensure that any future program name change will not

require a change in statute, provided that the Medicaid services continue to be provided under a managed care delivery system.

After further review, the DHS determined that section 346-41.5, HRS, could be repealed as it is no longer necessary. Supplemental payments to qualified health centers are already being made through the capitation payments authorized through the Medicaid Program's 1115 waiver. The DHS recommends repeal of this section of the statute.

Section 346-53.64(a), HRS, replaces the term "health QUEST" with "medicaid managed care" and is a non-substantive change that will ensure that services eligible for prospective payment reimbursement to federally qualified health centers include services provided through any medicaid managed care program.

In section 346-59.4, the phrase "programs, including QUEST" is deleted and replaced with "program" which defines the full scope of federal medical assistance programs that an individual must be ineligible for in order to qualify for state-funded medical assistance. This change has no immediate impact since noncitizen children who would be eligible for state-funded assistance are currently eligible for federal medical assistance through the State Children's Health Insurance Program (SCHIP).

The proposed amendments to section 346-59.9, HRS, will ensure all medicaid managed care plans shall continue to not restrict or limit access to psychotropic medications, and clarifies all medicaid managed care plans are authorized to investigate fraud, abuse or misconduct.

The proposed amendment to section 346-352, HRS, replaces "QUEST" with "medicaid managed care." The current statute prohibits the imposition of a prior authorization requirement on prescription drugs for Medicaid recipients with human immunodeficiency virus, acquired immune deficiency syndrome, hepatitis C, or patients in need of transplant immunosuppressive medications and exempts only QUEST health plans from the prohibition. In other words

non-Aged, Blind and Disabled recipients (previously QUEST recipients) required a prior authorization process, but for the Aged, Blind and Disabled recipients (previously QExA recipients), the subject prescription drugs described in section 346-352, HRS, were not subject to prior authorizations.

With the implementation of QUEST Integration, the QUEST and QExA programs are no longer separate programs. The DHS is proposing this change to section 346-352, HRS, that would extend the exemption, thus requiring a prior authorization process, to all medicaid managed care plans.

The DHS proposed amendment will assist DHS as it responds to the recent introduction of new drugs that, while effective, are quite costly. This change in statute will provide the DHS with the ability to better control the escalation of costs through better utilization review. One example for the need to have a prior authorization or a utilization review process is in the case of the new drug Sovaldi. Sovaldi recently came on the market to treat individuals with Hepatitis C. The medication, which may cost \$100,000 for one course of treatment, has raised concerns nationally for commercial health plans and especially Medicaid programs. The fiscal impact for the Medicaid program is reflected in the Executive Budget request of \$28 million in each year of the biennium budget to fund the cost just for this one drug. The Executive Budget request is based upon the premise that this measure passes into law, that is, prior authorization for the subject class drugs will be required by all Medicaid managed care plans.

The DHS anticipates that new drugs will continue to become available in the near future that will be just as costly as Sovaldi. Guidelines to health plans have been issued related to prior authorization criteria for the subject prescription drugs for the non-Aged, Blind and Disabled population in QUEST Integration. The guidelines were developed after extensive review of other State policies and review of clinical data. Without this proposed amendment, the DHS will

not be able to effectively control these drug costs, which are likely to continue to increase. DHS is working with its actuaries to obtain an estimate for additional costs to cover Sovaldi treatment for the entire Medicaid managed care population with Hepatitis C for each year of the biennium. DHS estimates the cost could be as high as an additional \$24 million. DHS will provide the cost estimate once it is available.

Lastly, the proposed amendment to section 461-10.5, HRS, replaces “QUEST” with “medicaid managed care” to allow remote dispensing pharmacies to provide medications to QUEST Integration recipients.

Thank you for the opportunity to testify on this bill.

kobayashi2-Lynda

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 15, 2015 9:37 PM
To: HUS testimony
Cc: wailua@aya.yale.edu
Subject: Submitted testimony for SB1106 on Mar 19, 2015 09:00AM

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SB1106

Submitted on: 3/15/2015

Testimony for HUS on Mar 19, 2015 09:00AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Wailua Brandman	Hawaii Assoc. of Professional Nurses	Comments Only	No

Comments: Aloha Rep. Dee Morikawa, Chair, Rep. Bertrand Kobayashi, Vice Chair, and members of the House COMMITTEE ON HUMAN SERVICES. Mahalo for this opportunity to submit comments on SB1106, Relating to the Medicaid Managed Care Program. Any time pharmacy benefit managers (PBMs) require prior authorizations for medications prescribed by a member's health care provider, they place a barrier to that member's care. Providers are busy delivering direct patient care and do not need to be diverted by additional paperwork to satisfy the PBM that the provider is delivering appropriate care now to prevent more expensive care in the future as the member gets sicker and sicker from not getting the most effective pharmaceutical in the first place. The practice of PBMs "step therapy" actually makes our patients sicker as they must FAIL 2 or 3 less effective medications with more serious side effects before they are allowed by the PBM to take the original prescribed medication. This is not medically ethical and eventually costs more for medical care. We believe health care providers should be allowed to practice without the interference of PBMs unless they provider is found to be committing malpractice. In addition, for clarity in Section 4, number 5, the term nurse practitioner should be changed to APRN, as that is their licensure, which also includes clinical nurse specialists, certified nurse midwives and certified registered nurse anesthetists. Each of the other providers listed in that sentence are listed by their licensure. Mahalo for the opportunity to submit comments on SB1106, and for all you do to protect and support access to health care for all of the citizens of this great state. Wailua Brandman MSN APRN PMHCNS/NP-BC FAANP, Chair, Hawaii Association of Professional Nurses Legislative Committee

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kobayashi2-Lynda

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 17, 2015 9:27 AM
To: HUS testimony
Cc: kglick@wheelchair-kauai.com
Subject: Submitted testimony for SB1106 on Mar 19, 2015 09:00AM

Categories: duplicate

SB1106

Submitted on: 3/17/2015

Testimony for HUS on Mar 19, 2015 09:00AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Glick	Hawaii Community Pharmacists Association	Oppose	No

Comments: Hawaii Community Pharmacists Association (HCPA) represents community pharmacies across the state. We strongly oppose SB1106 in its current form. To allow a remote dispensing kiosk to provide medications to the Managed Medicaid population is to discriminate against patient's based upon their source of payment. Furthermore there is no licensing requirement for technicians in Hawaii and no standards for their utilization as pharmacy technicians. There has been no demonstrable need to institute the use of dispensing kiosks in Hawaii.

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HPCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Human Services

The Hon. Dee Morikawa, Chair

The Hon. Bertrand Kobayashi, Vice Chair

Testimony in Support of Senate Bill 1106, SD2

Relating to Medicaid Managed Care Program

Submitted by Nani Medeiros, Public Affairs and Policy Director

March 19, 2015, 9:00 am, Room 329

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 1106, which amends the QUEST and QUEST Expanded Access references to specific programs by inserting “Medicaid managed care.”

The HPCA would like to express concerns though with Department of Human Services testimony calling for the repeal of HRS 346-41.5, citing it as no longer necessary. HRS 346-41.5 covers supplemental payments for enabling services provided to uninsured individuals at community health centers.

For these reasons, the HPCA supports this measure. Thank you for the opportunity to testify.

March 18, 2015



RE: OPPOSE SB 1106 (being heard on Thursday, March 19, 2015)

LATE

Dear House Committee on Human Services:

Chair Rep. Dee Morikawa, Vice Chair Rep. Bertrand Kobayashi,

Representatives Della Au Bellati, Richard P. Creagan, Mark J. Hashem,
Jo Jordan, Marcus R. Oshiro, Beth Fujimoto Chang

Please oppose SB 1106 in its current version. As a pharmacist, I see grave concerns with last section of the bill which is attempting to amend:

SECTION 9. Section 461-10.5, Hawaii Revised Statutes, is amended by amending subsection (d).

I would like to recommend that this section be removed from the bill altogether. This section refers to "remote dispensing pharmacies" which can be called a "prescription drug vending machine". Like a soda or candy machine, this "remote dispensing pharmacy isn't a pharmacy at all, but a vending machine which dispenses prescription drugs rather than candy or soda. Remote dispensing pharmacies are currently being used in rural health care facilities, limited to only certain insurance plans. Some in favor of the bill may attempt to cut costs by having vending machines replace the very important expertise of a pharmacist who is physically present which will result in less than adequate health care for individuals who use a vending machine. Proponents of the bill may use this bill to pop up vending machines in places all over the state, risking patient safety in an attempt to cut costs by not having to employ a pharmacist. Having the pharmacist present to see injuries, talk with patients, see their prescriptions from home and counseling them appropriately can only be done effectively in person and having a vending machine does not make a match. The current law states that a remote dispensing pharmacy should not exist within 5 miles of an existing pharmacy. This bill restates the 5 mile radius which should be changed to a 10 mile radius to assure subadequate care will not be given to people who should receive services by a real pharmacist and pharmacy in person. Having access to a pharmacist and pharmacy in person has shown in many studies to improve patient outcomes and reduce overall hospital and medical costs.

Please oppose SB 1106 in its current form unless the last section on "remote dispensing pharmacies" is removed or amended to:

1. *increase the radius to 10 miles*
2. *continue to not allow addictive controlled prescriptions in the vending machine*

Thank you for considering the health and safety of the people of Hawaii first and for serving with your time and efforts. I may be reached on my cell at (808) 639-1891 should you have any questions or concerns.

Respectfully submitted,

Lianne Malapit
Doctor of Pharmacy